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SUBJECT: AMBASSADOR'S FAREWELL CALL ON PRIME MINISTER DZUNG

HANOI 00001381 001.2 OF 003

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1. (SBU) Summary. In a cordial August 3 farewell call on Vietnam's Prime Minister Nguyen Tan Dung, the Ambassador and the Prime Minister reflected positively on the progress in bilateral relations over the past three years, including growing trade ties and increased cooperation in areas such as economic reform and combating HIV/AIDS and avian influenza. The Ambassador and Prime Minister agreed that direct and frank discussions have enabled the two sides to constructively deal with some differences in our relationship, citing improved religious freedom and greater access to ethnic minorities in the Central Highlands as examples, and expressed a desire to see those direct interactions continue. The Ambassador underscored that the United States hope Vietnam will engage in a similarly constructive manner to deepen cooperation on building rule of law and improving governance. The Ambassador also called on the Prime Minister to help invigorate negotiations to establish a Peace Corps program; address a growing trade imbalance, in part by closing deals on several large commercial projects; increase law enforcement cooperation; strengthen HIV/AIDS cooperation by expanding methadone availability; and, work to improve Vietnam's aviation security standards to enable direct flights between Vietnam and the United States. The Prime Minister thanked the Ambassador for his impressions and his "enormous personal contributions" to promoting bilateral ties, and noted the GVN's deep interest in continuing to deepen and broaden the relationship. End Summary.

REFLECTING ON RECENT PROGRESS

2. (SBU) During a forty-five minute farewell call with Prime Minister Nguyen Tan Dung on August 3, Ambassador Marine and the Prime Minister shared their positive reflections on the progress of U.S.-Vietnam relations over the past three years. The Ambassador noted that an increased exchange of the two countries' leaders has helped to strengthen our ties in a{Z#M{Q,xQ(Cly the Ambassador's work in successfully facilitating the visits to the United States by then-Prime Minister Phan Van Khai in 2005 and President Nguyen Minh Triet earlier this year, as well as the visit of President Bush to Vietnam in November 2006.

3. (SBU) A hallmark of our relationship during his tenure has been the ability of our two governments to deal frankly and directly with one another to find constructive ways to address difficult issues, the Ambassador said. Citing religious freedom as an example, focused efforts over the past two years by the Government of Vietnam (GVN) to address this issue enabled the United States to remove Vietnam from the list of Countries of Particular Concern -- the only country ever to be so removed. The Ambassador also expressed his belief that the GVN's granting of greater access for U.S. and other international observers to the Central Highlands, to the point where the United States is now able to implement assistance projects in this region, has changed the way the international community views Vietnam, particularly vis-a-vis its treatment of minorities. The clear lesson is that through frank discussion, leading to direct and constructive engagement, the two countries have been able to reach mutually beneficial results.

4. (SBU) The Prime Minister agreed wholeheartedly and reassured the Ambassador that, for its part, the GVN will strive to further broaden and deepen bilateral relations through direct dialogue. Historical, cultural and political differences between our countries have led to different views on issues such as human rights, PM Dung said, but he also stressed that out of mutual respect for one another, the two countries must continue to listen to one another

and hold dialogues to find solutions to these problems that "both sides can accept." He noted that the GVN looks forward to continuing to work with the Embassy and the U.S. Government to find suitable solutions to any differences between our countries.

15. (SBU) Since re-establishing diplomatic relations 12 years ago, the United States has increasingly partnered with Vietnam as it carried out and accelerated its economic reforms, resulting in last year's granting of PNTR for Vietnam and its January, 2007 accession to the World Trade Organization (WTO), the Ambassador said. One of the most personally satisfying achievements over the past three years, the Ambassador continued, has been seeing USG assistance to Vietnam increase from USD 50 million in grants to over USD 95 million today. The United States has increased its efforts on economic reform programs through the STAR Vietnam project, is doing more to help Vietnam fight the HIV/AIDS epidemic and Avian Influenza and has now even contributed to planning for environmental remediation programs at dioxin "hotspots." Most recently, the United States was pleased by the GVN's positive response to Senator Leahy's March letter proposing additional cooperation to improve Vietnam's rule of law, governance and anti-corruption efforts, the

HANOI 00001381 002.2 OF 003

Ambassador emphasized. He told Dzung that it is now time to transform this opportunity to reality by designing and implementing concrete programs. The Ambassador underscored his belief that additional assistance funds will likely be available in the future, provided that current programs achieve concrete results.

ADDRESSING AREAS FOR FURTHER IMPROVEMENT

16. (SBU) Ambassador Marine then noted that there remain areas where our two countries should continue to work to improve relations. One important step would be an agreement to establish a Peace Corps program in Vietnam. Although negotiators have not yet been able to reach a deal, the remaining gaps are manageable, assuming Vietnam focuses and addresses them effectively. Indeed, an agreement could conceivably be reached by the time of the Prime Minister's visit to New York for the opening of the UN General Assembly later this year, the Ambassador continued. Recognizing the Prime Minister's and other GVN leaders' support of the program, he hoped that Vietnam would once again look at its position in the interest of reaching an agreement. Prime Minister Dzung responded that he welcomes further negotiations on a Peace Corps program, and reported that he just "reminded" the Minister of Education and Training of his interest in a deal to bring the Peace Corps to Vietnam.

17. (SBU) The Ambassador acknowledged that two-way trade between our countries continues to grow rapidly, but that U.S. exports of goods and services have not grown as fast as Vietnamese exports to the United States. The trade gap, while not yet a high-profile issue, is growing larger and will begin to raise concerns in Washington and elsewhere in the United States, particularly as so much attention is being paid to "asymmetrical" trade relationships like many see in our relationship with China. Over the long term, the Ambassador expressed confidence that Vietnam will improve market access for U.S. firms by fully implementing its Bilateral Trade Agreement (BTA) and WTO commitments. A short term solution, however, would be for Vietnam to close deals on several commercial projects which the two sides have been negotiating for a long time. Most notably, an agreement for Vietnam Airlines to purchase additional Boeing aircraft, and the granting of investment licenses for AES and Gannon to build power plants, SSA Marine to carry out port development and an agreement for Alcoa to help develop Vietnam's bauxite and aluminum resources would all be significant steps.

18. (SBU) The Prime Minister replied that Vietnam wants to continue developing bilateral trade relations, and would give "careful consideration" to the projects the Ambassador mentioned as the GVN places great importance on those deals. He pointed to past purchases of Boeing aircraft and the purchase of the Vinasat satellite from Lockheed Martin as examples of Vietnam's interests in promoting bilateral trade and investment relations. Dzung added that he would like the U.S. side to continue improving market access for Vietnamese products such as apparel, catfish, shrimp and other fishery products. Trade barriers on these products have "caused major problems," he said.

19. (SBU) Ambassador Marine also highlighted the U.S. desire for stronger law enforcement cooperation to combat trans-national threats such as terrorism, money laundering and drug trafficking, which threaten both our countries. While the two sides have effectively carried out a number of training programs and held constructive conferences and dialogues, there has been little progress in cooperation on actual cases. Vietnam has expressed a will to work together in areas such as combating internet crimes and preventing the abuse of the remittance system by drug traffickers, but the Vietnamese legal system in its current structure does not

permit the two sides to cooperate as fully as the United States would like. We remain interested in finding ways to work together, the Ambassador said, expressing his hope that the GVN will look at and re-evaluate restrictive regulations to facilitate closer cooperation.

10. (SBU) Turning to HIV/AIDS, the Ambassador said that cooperation between the two countries, supported by more than USD 65 million from the United States this year, has done a good job of helping provide care and treatment for those already infected. We are losing the fight, however, in preventing the further spread of the disease. Not just the Ministry of Health, but the many Vietnamese agencies which work on this issue should look at ways to improve prevention efforts. Additionally, because the epidemic in Vietnam is still concentrated primarily among drug users, the best way to prevent its spread to the general population is to help fight drug addiction through medical assisted therapy, or the use of methadone. The United States has pushed for two years to begin a pilot methadone program, the Ambassador stated, and asked that the Prime Minister's office help to expand this program to a broader scale in the very near future. The Prime Minister, expressing his appreciation for U.S. assistance in fighting HIV/AIDS, said that his government will work to effectively implement the pilot methadone

HANOI 00001381 003.2 OF 003

project.

11. (SBU) Finally, the Ambassador addressed Vietnam's interest in establishing direct flights to the United States. This would be an important step, not only symbolically, but also to accommodate the growing air traffic between the two countries. In addition to purchasing the aircraft to facilitate these flights, Vietnam must upgrade its security processes to meet internationally-accepted standards. The United States Trade and Development Agency (USTDA) and Boeing have funded a project to help the Civil Aviation Administration of Vietnam (CAAV) address security standards, but as the program moves into the second phase, CAAV claims it does not have the budget to contribute to the project or to hire training pilots necessary to acquaint all pilots with the proper procedures. When and if CAAV identifies the funds, it will take 18 months to carry out the remainder of the project, meaning that it is likely already too late to meet the target of establishing direct flights by the end of 2008. The Ambassador encouraged the Prime Minister to have his staff work with CAAV and provide the direction to allow this project to move forward to a successful completion.

COMMENT

12. (SBU) In allowing the meeting to proceed beyond the scheduled 30 minutes, the Prime Minister demonstrated his interest in the issues raised by the Ambassador. While he did not use the meeting to request our help in arranging his September U.S. schedule, the Prime Minister is clearly focused on how to make that trip a major event in U.S.-Vietnam relations. We know via separate channels that he is pressing his subordinates to focus on issues like Peace Corps and commercial deals. We are also hopeful that, over the coming months, the Prime Minister's focus on the relationship will allow us to also stimulate interest in pushing forward on concrete programs in the area of rule of law and good governance.

MARINE